

WILLIAM A. MUNDELL  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
MARC SPITZER  
COMMISSIONER



ARIZONA CORPORATION COMMISSION



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BRIAN C. McNEIL  
EXECUTIVE SECRETARY

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AZ CORP COMMISSION  
DOCUMENT CONTROL

DATE: AUGUST 15, 2001

DOCKET NO: W-02859A-00-0964

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Philip Dion.  
The recommendation has been filed in the form of an Order on:

DIVERSIFIED WATER UTILITIES, INC.  
(FINANCE)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by **12:00 p.m.** on or before:

AUGUST 17, 2001

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

AUGUST 28, 2001 AND AUGUST 29, 2001

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250.

Arizona Corporation Commission

DOCKETED

AUG 15 2001

DOCKETED BY	
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BRIAN C. McNEIL  
EXECUTIVE SECRETARY

1                                   **BEFORE THE ARIZONA CORPORATION COMMISSION**

2   WILLIAM A. MUNDELL  
3       CHAIRMAN

4   JIM IRVIN  
5       COMMISSIONER

6   MARC SPITZER  
7       COMMISSIONER

8   IN THE MATTER OF THE APPLICATION OF  
9   DIVERSIFIED WATER UTILITIES, INC., AN  
10  ARIZONA CORPORATION, FOR AUTHORITY  
11  TO ISSUE DEBT.

DOCKET NO. W-02859A-00-0964

DECISION NO. \_\_\_\_\_

**ORDER**

12   Open Meeting  
13   August 28 and 29, 2001  
14   Phoenix, Arizona

15   **BY THE COMMISSION:**

16       On November 27, 2000, Diversified Water Utilities, Inc. ("Diversified", "Applicant" or  
17   "Company") filed an application for debt financing with the Arizona Corporation Commission  
18   ("Commission") requesting authorization to issue long-term debt in the amount of \$378,900 to the  
19   Water Infrastructure Financing Authority ("WIFA") and to issue short-term debt in the amount of  
20   \$58,428.30 to Skyline Vista Ranch, L.L.C. ("Skyline" or "Developer"). The total amount of debt in  
21   the original application was \$437,328.30.

22       On April 18, 2001, Staff filed its Staff Report in the matter, recommending approval of the  
23   application without a hearing.

24       On April 26, 2001, Diversified filed an affidavit indicating it provided notice of its application  
25   on April 17, 2001, through a direct mailing to each of its customers.

26       In June 2001, Diversified notified the Commission's Utilities Division Staff ("Staff") that the  
27   amount of debt financing it needed would be reduced. Diversified now requests authorization to  
28   issue long-term debt in the amount of \$353,900 to WIFA and to issue short-term debt in the amount  
29   of \$58,428.30 to Skyline. The new total amount of debt requested in this application is \$412,328.30.

30       On July 20, 2001, Staff filed an amended Staff Report ("Amended Report") in the matter,  
31   again recommending approval of the application without a hearing. The Amended Report was  
32   generated to update the docket regarding the change in the WIFA portion of the financing.

1 The Arizona Department of Environmental Quality ("ADEQ") has determined that  
2 Diversified is currently delivering water that does not exceed any maximum contaminant levels and  
3 meets the Safe Drinking Water Act quality requirements. Diversified is located in the Phoenix  
4 Active Management Area and is in compliance with its regulations.

## 5 DISCUSSION

### 6 Introduction

7 Diversified provides water utility service to approximately 177 customers in Pinal County.  
8 Diversified's Certificate of Convenience and Necessity ("CC&N") was originally granted to  
9 Ellsworth Land and Livestock, Inc. in Decision No. 33633-A (January 30, 1962). It was  
10 subsequently transferred to Diversified in Decision No. 59133 (June 27, 1995). Diversified's current  
11 rates were approved in Decision No. 60219 on May 27, 1997, based on a 1995 test year when  
12 Diversified only served 43 customers. If Diversified's historical growth rate continues, it could have  
13 355 customers by the end of 2005.

14 In Decision No. 60219, Diversified was ordered to reduce unaccounted water loss to 15  
15 percent or less by its next rate filing. Staff Engineering indicated that based on data provided by  
16 Diversified, the unaccounted water loss on the system for the year 2000 was at 15 percent.  
17 Engineering Staff states that this level is still too high, but also notes that "good progress" is being  
18 made.

19 In Decision No. 61580 (March 15, 1999), Diversified was granted an Off-site Facilities Hook-  
20 up Fee that provided for hook-up fees ranging from \$850 for a 5/8-inch by 3/4-inch meter to \$34,000  
21 for a 6-inch meter. At that time, Diversified had recently added 50 customers. The purpose of the  
22 hook-up fees, as set forth in the Decision, was to put Diversified "in a much better position to add the  
23 required backbone plant to serve this relatively large amount of growth."

### 24 Purpose of Financing

#### 25 A. The Proposed WIFA Debt

26 Diversified is within WIFA's fundable range for a loan up to \$378,900. Initially, the funds  
27 from the WIFA loan would be used to make improvements on the system including the purchase and  
28 installation of a 250,000-gallon storage tank, a well, a pressure tank, booster pumps and a 12-inch

1 distribution line. Currently, Diversified's system consists of one 120-gallon per minute well, one  
2 5,000-gallon pressure tank, two 10 horsepower booster pumps and one 20,000-gallon storage tank.

3 Engineering Staff strongly recommends that this financing be approved. Currently,  
4 Diversified is short in storage capacity by at least 35,000 gallons and its existing well can only serve  
5 another 220 customers. These storage capacity limitations will be exacerbated if the Skyline  
6 development, which is discussed below, is added to Diversified's system. Engineering Staff predicts  
7 that Diversified will have a serious water shortage crisis in less than five years if the current growth  
8 rate continues and the Company does not expand its system in the near future. Engineering Staff has  
9 reviewed the WIFA application and, based on Diversified's current growth rate, considers the  
10 proposed projects and the associated costs reasonable.

11 The Amended Report indicates that Diversified has completed the installation of a 200,000-  
12 gallon storage tank, at a cost that is \$25,000 less than the planned 250,000-gallon storage tank.  
13 Engineering Staff believes the smaller tank will be sufficient and that the cost is reasonable.  
14 Diversified will amend its application to WIFA to reduce the requested debt from \$378,900 to  
15 \$353,900.

16 B. The Proposed Skyline Debt

17 The loan from Skyline will be used to partially fund a 12-inch and 8-inch interconnection and  
18 line extension. The total cost of the project will be \$131,109.30. Diversified and Skyline entered  
19 into an agreement in which Skyline will advance \$72,681, or 55 percent of the cost of the project, as  
20 an aid to construction. The remaining \$58,428.30 would be loaned to Diversified by Skyline.

21 Engineering Staff has reviewed the Skyline application and considers the proposed projects  
22 and the associated costs reasonable.

23 Terms of Debt

24 A. The Proposed WIFA Debt

25 The proposed WIFA loan, as amended pursuant to the information in the Amended Report,  
26 will be for an amount of up to \$353,900. Although the final terms and conditions of the WIFA loan  
27 will not be known until the time the loan is funded, it is anticipated that the term of the loan will be  
28 twenty years with an interest rate equal to 70.0 percent of the prime rate. At the time of the Staff

1 Report, the prime rate was 8.5 percent. Therefore, the estimated interest rate on the WIFA loan was  
2 assumed to be 6.0 percent.

3 B. The Proposed Skyline Debt

4 The amount of the proposed Skyline debt is \$58,428.30. The terms of the Skyline loan  
5 consist of an interest rate of 8.0 percent and a maturity date of five years. The short duration of the  
6 loan and its associated loan payment would substantially impact the Company's cash flow. The loan  
7 agreement was negotiated between the parties at arms length, and Diversified is not affiliated with,  
8 nor is it a subsidiary of Skyline.

9 Capital Structure and Financial Impact

10 Diversified supplied "compiled" 1999 financial statements with the application. According to  
11 Diversified's auditors, compiled financial statements are limited to presenting "information that is the  
12 representation of management" and they had neither audited, nor reviewed the financial statements.  
13 Compiled statements are used because of the prohibitive cost of audited financial statements.

14 According to the Staff Report, the 1999 compiled financial statements reflect a company in  
15 poor financial health. Diversified owed approximately \$100,000 in debt and had negative equity of  
16 (\$22,000). Diversified also suffered a net loss of (\$1,700) for the year.

17 Subsequently, Diversified supplied Staff with compiled financial statements for the year 2000.  
18 These statements reflect a company in better financial health than in 1999. Equity increased from a  
19 negative (\$22,000) to a positive \$33,000. Net income increased from a loss of (\$1,700) to a positive  
20 \$15,319. An increase in revenues of approximately \$10,000, and the elimination of certain salaries  
21 and payables to shareholders accomplished this turnaround.

22 Based on the new information in the Amended Report, Staff estimated that Diversified needs  
23 approximately \$47,000 a year for the first five years to service the proposed additional debt of  
24 \$412,328.30. After five years, the Skyline loan will have been paid off and therefore, only  
25 approximately \$30,000 per year will be required to service the WIFA loan.

26 Currently, Diversified is only generating \$22,000 in cash per year that can be applied for debt  
27 service towards the proposed debt. Staff was concerned about the ability of Diversified to service the  
28 proposed debt. Staff requested more information from Diversified including an explanation of how

1 Diversified would have the means to make timely payments on the proposed debt. Diversified  
2 responded that it would rely on the \$850 "connection fee" to generate the funds and, if necessary, the  
3 President of Diversified was willing to "continue deferring payment of salary." Diversified stated the  
4 growth in its area will generate new hook-up fees and revenues that will be sufficient to make up the  
5 difference between cash uses and cash sources.

6 Diversified provided Staff with a copy of a written request for service sent by a representative  
7 of Skyline to Diversified, Salt River Project, Qwest, the City of Mesa and Cox, for planning  
8 purposes. Skyline expects to build three phases of a subdivision "as soon as they obtain all of the  
9 required approvals." Diversified also supplied Staff with information that it has averaged 35 to 45  
10 new 5/8-inch by 3/4-inch meter connections per year. Diversified expects this trend to continue  
11 because of the new Skyline subdivision. Therefore, Diversified states it expects to generate between  
12 \$29,750 to \$38,250 in connection fees per year for the foreseeable future. Although hook-up fee  
13 revenues have historically been used by the Company for system upgrades, those funds will now be  
14 needed to help service the proposed debt. If the new subdivision materializes, Diversified will  
15 experience increased revenues from hook-up fees and new customer usage.

16 As a measure of financial soundness, Staff examined the effects of the proposed debt in  
17 relation to Diversified's Debt Service Coverage ("DSC") ratio. That ratio measures the number of  
18 times cash flow will cover principal and interest payments. In 2000, Diversified's DSC was 4.5.

19 Under the Company's proposal, the anticipated annual principal and interest payment related  
20 to the debt for the first year would be \$47,000 and the projected DSC ratio is 0.70. That number is  
21 below 1.00, indicating that Diversified may not be able to service the proposed debt.

22 Diversified's 2000 year-end capital structure was approximately 43 percent total debt and 57  
23 percent equity. The addition of the proposed debt would raise the percentage of total debt from 43  
24 percent to 93 percent and lower equity from 57 percent to 7 percent.

25 Staff suggested that Diversified apply for a rate increase to assure cash flow necessary for  
26 debt service. Diversified expressed great reluctance to increase rates for this purpose. It prefers to  
27 rely upon hook-up fees and usage revenues from the new connections for those funds.

28 Although recognizing Diversified's reluctance to raise rates, Staff believes there is some risk,

1 as is common in the real estate industry, that some or all of the planned subdivision will not  
2 materialize and that current customers, under current rates, may not generate sufficient revenues to  
3 adequately cover debt service related to the proposed debt. However, since the current rates paid by  
4 Diversified's customers are significant, and due to Diversified's reluctance to raise rates, Staff  
5 recommended an alternative solution.

6 Staff recommended that Diversified file a cash flow statement in the docket by July 31, 2002,  
7 for Staff's review. Staff also recommended that the Commission approve the total amount of debt  
8 requested by Diversified with the additional condition that, if Diversified does not generate sufficient  
9 positive cash flow to service its debt by June 30, 2002, it will file for a rate increase by September 30,  
10 2002. Staff indicates these conditions should reduce the risk of financial harm that Diversified would  
11 experience if the additional customers do not materialize.

12 Based on the above conditions, Staff recommended approval of Diversified's application for  
13 approval to issue long-term debt in the amount of \$353,900 to the Water Infrastructure Financing  
14 Authority and short-term debt in the amount of \$58,428.30 to Skyline Vista Ranch, L.L.C. Staff  
15 believes that the proposed debt is in the public interest, is compatible with sound financial practices  
16 and should be approved without a hearing.

#### 17 Analysis

18 Under the Company's proposed debt financing, its capital structure would be 93 percent debt  
19 and 7 percent equity. Those figures are not representative of a financially healthy company. Those  
20 numbers are troublesome, especially since, under the Company's proposal, Diversified is relying  
21 upon revenues and hook-up fees generated from projected growth in its service area. Staff agrees that  
22 the Company's growth projections are speculative and may not materialize and therefore, reliance on  
23 projected hook-up fees carries some associated risks. Additionally, the fact that a majority of the  
24 money generated from hook-up fees will have to be used to pay down the debt, indicating that  
25 Diversified may not have enough cash on hand to pay for unforeseen expenses, causes us concern.

26 We find that the Company shall be allowed to proceed with the WIFA loan, however,  
27 Diversified's request to enter into the short-term loan with Skyline will not be approved. As a  
28 condition of our authorization to obtain the WIFA loan, the Company must receive an infusion of

1 capital. Therefore, if the Company wishes to proceed with the WIFA loan, it must fund the Skyline  
2 portion of the loan with equity.

3 While the addition of approximately \$60,000 in equity does not raise the Company's DSC  
4 ratio to 1.0 and does not create a capital structure of 60 percent debt and 40 percent equity, it  
5 accomplishes the goals of providing new plant and maintaining some financial stability. In this case,  
6 the Commission will approve a level of debt that results in an annual principal and interest payment  
7 related to the debt of approximately \$30,000, a DSC ratio of 0.99 and a capital structure of  
8 approximately 80 percent debt and 20 percent equity.

9 Although the Company's resulting DSC ratio will not be above 1.0, the number of new hook-  
10 ups and the associated fees and revenues needed to cover the debt payments will likely be obtainable  
11 based upon past, current and predicted future growth in Diversified's service area. Moreover, if  
12 Diversified does not experience the type of growth to allow it to pay for this debt, and a rate case is  
13 subsequently filed, any impact on rate payers will be significantly less than under the scenario  
14 proposed by the Company.

15 In this Order, the Commission has tried to balance the needs of the Company to accommodate  
16 the growth in its service area, the financial impact to the Company of acquiring debt to pay for plant  
17 additions, the reluctance of Diversified to file a rate case, the impact of a rate case on current  
18 customers of Diversified and who should bear the risk that future development does not occur as  
19 expected. The Commission, in formulating this Order, has tried to balance all of those competing  
20 interests. Further, we believe that this Decision enhances the Company's financial condition and  
21 thereby increases the likelihood of the Company obtaining the WIFA loan.

22 Accordingly, given the Company's financial condition, we believe that an infusion of equity  
23 is appropriate and should be made a condition of the approval of the WIFA financing. This will help  
24 enhance the Company's financial condition and ensure that current ratepayers will not bear the costs  
25 of the proposed developments that may never materialize.

26 \* \* \* \* \*

27 Having considered the entire record herein and being fully advised in the premises, the  
28 Commission finds, concludes, and orders that:



**FINDINGS OF FACT**

1  
2 1. Diversified Water Utilities, Inc. is water company that serves approximately 177  
3 customers in Pinal County.

4 2. On November 27, 2000, Diversified filed an application for debt financing with the  
5 Commission requesting authorization to issue long-term debt in the amount of \$378,900 to the Water  
6 Infrastructure Financing Authority and to issue short-term debt in the amount of \$58,428.30 to  
7 Skyline Vista Ranch, L.L.C. The total amount of debt in the original application was \$437,328.30.

8 3. In June 2001, Diversified notified Staff that the amount of debt financing it needed  
9 would be reduced. Diversified now requests authorization to issue long-term debt in the amount of  
10 \$353,900 to WIFA and to issue short-term debt in the amount of \$58,428.30 to Skyline. The new  
11 total amount of debt requested in this application is \$412,328.30.

12 4. On April 26, 2001, Diversified filed an affidavit indicating it provided notice of its  
13 application on April 17, 2001, through a direct mailing to each of its customers.

14 5. On April 18, 2001, Staff filed its Staff Report in the matter, recommending approval  
15 of the application without a hearing.

16 6. On July 20, 2001, Staff filed an amended Staff Report in the matter, again  
17 recommending approval of the application without a hearing. The Amended Report was generated to  
18 update the docket regarding the WIFA portion of the financing.

19 7. The Arizona Department of Environmental Quality has determined that Diversified is  
20 currently delivering water that does not exceed any maximum contaminant levels and meets the Safe  
21 Drinking Water Act quality requirements. Diversified is located in the Phoenix Active Management  
22 Area and is in compliance with its regulations.

23 8. Based on the Amended Report, the funds from the WIFA loan would be used to pay  
24 for improvements on the system including the purchase and installation of a 200,000-gallon storage  
25 tank, a well, a pressure tank, booster pumps and a 12-inch distribution line.

26 9. Engineering Staff predicts that Diversified will have a serious water shortage crisis in  
27 less than five years if the current growth rate continues and the Company does not expand its system  
28 in the near future. Engineering Staff has reviewed the WIFA application and, based on Diversified's

1 current growth rate, considers the proposed projects and the associated costs reasonable.

2 10. The loan from Skyline would be used to partially fund a 12-inch and 8-inch  
3 interconnection and line extension. The total cost of the project will be \$131,109.30. Diversified and  
4 Skyline entered into an agreement in which Skyline will advance \$72,681, or 55 percent of the cost of  
5 the project, as an aid to construction. The remaining \$58,428.30 would be loaned to Diversified by  
6 Skyline. Engineering Staff has reviewed the Skyline application and considers the proposed projects  
7 and the associated costs reasonable.

8 11. The project will help Diversified meet expected future growth of customers, improve  
9 existing reliability and increase system service.

10 12. Based on the Amended Report, the WIFA loan is for an amount of up to \$353,900.  
11 Although the final terms and conditions of the WIFA loan will not be known until the time the loan is  
12 funded, it is anticipated that the term of the loan will be twenty years with an interest rate equal to  
13 70.0 percent of the prime rate. At the time of the Staff Report, the current prime rate was 8.5 percent.  
14 Therefore, the estimated interest rate on the WIFA loan was assumed to be 6.0 percent.

15 13. The amount of the proposed Skyline debt is \$58,428.30. The terms of the Skyline  
16 loan consist of an interest rate of 8.0 percent and a maturity date of five years.

17 14. Based on the new information in the Amended Report, Staff estimated that Diversified  
18 needs approximately \$47,000 a year for the first five years to service the proposed additional debt of  
19 \$412,328.30.

20 15. Currently, Diversified is only generating \$22,000 in cash per year that can be applied  
21 for debt service towards the proposed debt.

22 16. Diversified stated the growth in its area will generate new hook-up fees and revenues  
23 that will be sufficient to make up the difference between cash uses and cash sources.

24 17. Diversified expects to generate between \$29,750 and \$38,250 in connection fees per  
25 year for the foreseeable future. Although hook-up fee revenues have historically been used by the  
26 Company for system upgrades, those funds will now be needed to help service the proposed debt.

27 18. There is some risk, as is common in the real estate industry, that some or all of the  
28 projected growth in Diversified's service area, and the associated hook-up fees and revenues, will not

1 materialize.

2 19. The Company's current DSC is 4.5.

3 20. Under the Company's proposal, the projected DSC ratio is 0.70. That number is  
4 below 1.00, indicating that Diversified may not be able to service the proposed debt.

5 21. Diversified's 2000 year-end capital structure was approximately 43 percent total debt  
6 and 57 percent equity. The addition of the proposed debt would raise the percentage of total debt  
7 from 43 percent to 93 percent and lower equity from 57 percent to 7 percent.

8 22. Staff recommended that Diversified file a cash flow statement in the docket by July  
9 31, 2002, for Staff's review.

10 23. Staff also recommended that the Commission approve the total amount of debt  
11 requested by Diversified with the additional condition that if Diversified does not generate sufficient  
12 positive cash flow to service its debt by June 30, 2002, it will file for a rate increase by September 30,  
13 2002.

14 24. We find that the issuance of debt for the Skyline project is not consistent with sound  
15 financial practices and it is not in the public interest.

16 25. Diversified's request for approval of the Skyline financing should be denied.

17 26. Diversified's request for the approval of the WIFA financing should be approved on  
18 the condition that the Company is infused with capital in the amount of at least \$58,428.30, by  
19 funding its portion of its agreement with Skyline.

20 27. As a result of infusing capital, the annual principal and interest payment related to the  
21 WIFA debt would be approximately \$30,000, the Company's DSC ratio would be 0.99 and its capital  
22 structure would be approximately 80 percent debt and 20 percent equity.

23 28. In arriving at its conclusion, the Commission weighed the following factors: the  
24 growth in Diversified's service area, the financial impact to the Company of acquiring debt to pay for  
25 plant additions, the reluctance of Diversified to file a rate case, the impact of a rate case on current  
26 customers of Diversified and who should bear the risk that future development does not occur as  
27 expected.

28 29. If Diversified does not experience the type of growth to allow it to pay for this debt,

1 and a rate case is subsequently filed, any impact on rate payers will be significantly less than under  
2 the scenario proposed by the Company.

3 30. The Company's infusion of capital will help enhance the Company's financial  
4 condition and ensure that current ratepayers will not bear the costs of the proposed developments that  
5 may never materialize.

### 6 CONCLUSIONS OF LAW

7 1. Diversified Water Utilities, Inc. is a public service corporation within the meaning of  
8 Article XV of the Arizona Constitution and A.R.S. §§ 40-301 and 40-302.

9 2. The Commission has jurisdiction over Diversified Water Utilities, Inc. and the subject  
10 matter of the application.

11 3. Notice of the application was given in accordance with the law.

12 4. The financing approved herein is for lawful purposes within Diversified Water  
13 Utilities, Inc. corporate powers, is compatible with the public interest, with sound financial practices,  
14 and with the proper performance by Diversified Water Utilities, Inc. of service as a public service  
15 corporation, and will not impair Diversified Water Utilities, Inc.'s ability to perform that service.

16 5. The financing approved herein is for the purposes stated in the application and is  
17 reasonably necessary for those purposes, and such purposes are not, wholly or in part, reasonably  
18 chargeable to operating expenses or to income.

### 19 ORDER

20 IT IS THEREFORE ORDERED that Diversified Water Utilities, Inc. is hereby authorized to  
21 obtain \$353,900 in long-term financing from the Water Infrastructure Financing Authority for a  
22 period of 20 years at an interest rate to be set at the prevailing rate at the date of the draw, only if  
23 Diversified Water Utilities, Inc. infuses the company with at least \$58,428.30 in equity by funding its  
24 portion of the agreement with Skyline. Prior to Diversified Water Utilities, Inc.'s drawing down any  
25 money from WIFA, it must have already infused the company with said equity and that equity must  
26 be used for the above stated purpose.

27 IT IS FURTHER ORDERED that Diversified Water Utilities, Inc. shall file a cash flow  
28 statement in the docket by July 31, 2002, for Staff's review.

IT IS FURTHER ORDERED if Diversified does not generate sufficient positive cash flow to service its debt by June 30, 2002, it will file for a rate increase by September 30, 2002.

IT IS FURTHER ORDERED that Diversified Water Utilities, Inc. is hereby authorized to engage in any transactions and to execute any documents necessary to effectuate the authorization granted hereinabove.

IT IS FURTHER ORDERED that such authority is expressly contingent on Diversified Water Utilities, Inc.'s use of the proceeds for the purposes set forth in its application as modified herein.

IT IS FURTHER ORDERED that approval of the financing set forth hereinabove does not constitute or imply approval or disapproval by the Commission of any particular expenditure of the proceeds derived thereby for purposes of establishing just and reasonable rates.

IT IS FURTHER ORDERED that Diversified Water Utilities, Inc. shall file copies of all executed financing documents setting forth the terms of the financing, within 30 days of obtaining such financing.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_ day of \_\_\_\_\_, 2001.

BRIAN C. McNEIL  
EXECUTIVE SECRETARY

DISSENT: \_\_\_\_\_  
PD:mlj

1 SERVICE LIST FOR: DIVERSIFIED WATER UTILITIES, INC.

2 DOCKET NO.: W-02859A-00-0964

3

4 William P. Sullivan  
5 MARTINEZ & CURTIS, P.C.  
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7 Phoenix, Arizona 85006-1090

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